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# REPORT OF THE SELECT COMMITTEE ON THE TRAVANCORE-COCHIN CO-OPERATIVE SOCIETIES BILL.

To

The Speaker,

Legislative Assembly.

Sir,

We, the undersigned members of the Select Committee appointed to consider and report on the Travancore-Cochin Co-operative Societies Bill, have met for five days to scrutinise the Bill. We have considered the Bill clause by clause and beg to submit this our

## REPORT.

I. The Bill was published in the Gazette Extraordinary dated the 12th October 1950.

II. We are of opinion that the Bill may be adopted subject to the following amendments:

1. In Clause 2, of sub-clause (b), add the following definition as (c), and re-number the remaining clauses:

"(c) 'Financing Bank' means a registered society the main object of which is to lend money to other registered societies"

2. In Clause 5, sub-clause (1), Proviso (1), after the word "liability", add the following words "from limited to unlimited or from unlimited to limited, as the case may be".

3. In Clause 6, omit the letters "(a)" and "(b)" in the sub-clauses, and after the words "five thousand rupees", add the words "whichever is less".

4. Substitute the following for Clause 7:

"7 (1) No person may be an individual member of a registered society unless—

(i) he has attained the age of 18 years; and

(ii) is resident within or is in occupation of land in the same town, village or pakuthi or groups of villages or pakuthies,

(2) Membership to any society shall not be refused merely on the ground that a person belongs to a particular religion, race, community, caste, sect or denomination.

(3) When for the purposes of this Section any question arises whether any person is resident in a town, village or pakuthi, groups of villages or pakuthies or whether two or more villages or pakuthies form a group, the question shall be decided by the Registrar, whose decision shall be final."

5. Substitute the following for Clause 8;

"8. (1) No society other than a society of which a member is a registered society, shall be registered under this Act which does not consist of at least twenty-five members who are qualified to be members under Section 7.

(2) The number of individual members in a society registered after the commencement of this Act, the membership of which consists of registered societies and individual members, shall not exceed fifty per cent of the number of registered societies which are members thereof.

(3) The word 'Limited' shall be the last word in the name of every society with limited liability registered under this Act."

6. In Clause 9, sub-clause (1), for the word "ten" wherever occurring in sub-clauses (a) and (b), substitute "twenty-five."

7. Add the following Proviso to Clause 10, first paragraph :

"Provided that no society shall be registered if in the opinion of the Registrar its declared objects are unlikely to be achieved or if it is economically unsound or if it may have an adverse effect upon any registered society or the co-operative movement in general."

Add the following words to Clause 10, second paragraph, namely, "within seven days of such refusal" between the words "shall" and "cause" in line 1.

8. In Clause 12 sub-clause (2), omit the words "if he thinks fit" occurring in lines 2 and 3.

In line 4 of sub-clause (2), between the words "shall", and "cause" add the words "within seven days of such refusal."

9. Recast Clause 14 as follows:

"14 (1) A special general meeting may be called at any time by a majority of the committee; and such meeting shall be called within one month from the date of—

(a) a requisition in writing of not less than one-fifth of the members of the society ; or

(b) a requisition by the Registrar.

( ) If a meeting as aforesaid is not convened by the committee on a requisition under clause (a) or (b) of sub-section (1), the Registrar shall have power to call a meeting of the members himself."

10. In Clause 16, for the words "provided that each member has had clear fifteen days' written notice of the resolution and the date of the meeting" occurring in lines 6 and 7 of sub clause (1) substitute the words "provided that notice of the resolution and the date of the meeting shall be sent to each member at least fifteen days before the date of the meeting"

11. In Clause 17, for the words "provided that each member has had fifteen clear days' written notice of the resolution and the date of the meeting", occurring in lines 5 to 7 of sub-clause (1), substitute the following: "provided that notice of the resolution and the date of the meeting shall be sent to each member at least fifteen days before the date of the meeting".

12. In Clause 21, for the word "thirty" occurring in line 5 of this Clause, substitute the word "fifteen".

13. In Clause 23, sub-clause (1), for the word "persons" in line 2, substitute the words "officer or other person".

In sub-clause (3) of this Clause, in line 1, between the words "other" and "person" add the words "officer or".

14. In Clause 26, sub-clause (3), substitute the word "subsisting" for the words "as were in force".

15. At the end of Clause 42, add the following:

"and in the case of consumers' societies, also among persons who are not members, to the extent and under the conditions prescribed by the Rules or the by-laws of such societies.

*Explanation*:—In this Section 'consumers' society' means a society formed with the object of obtaining and distributing goods to or of performing services for its members as well as to other consumers and of dividing among its members and customers in a proportion prescribed by the rules or the by laws of the society the profits accruing from such supply and distribution".

16. In Clause 43, sub clause (1), delete the words commencing with "provided" and ending with "such society".

In the Proviso, after sub-clause (2), for the word "such" occurring in lines 1 and 4, substitute the word "the". Substitute the word "funds" or the word "fund" occurring in lines 1 and 3. And between the words "funds" and "shall" in line 1, add the words "referred to in sub sections (1) and (2)".

17. In Clause 44, insert the words "co-operative or" between the words "any" and "charitable" occurring in line 6.

18. In Clause 45, sub-clause (1), substitute the word "one-fourth" for the word "one-third"

After Clause (c) (i) of sub-clause (2) of the same Clause, add the following proviso:

"Provided that at least three clear days' notice shall have been given in respect of a meeting called under this clause."

19. In Clause 49, sub-clause (1), for the sentence beginning with the words "The period" and ending with "the aggregate", substitute the following sentence :,

"The period specified in such order may, at the discretion of the Registrar, be reduced or extended from time to time: provided that such order shall not remain in force for more than two years in the aggregate."

For sub-clause (4) of the same Clause, substitute the following:

"The person or persons so appointed shall arrange for the constitution of a new committee in accordance with the by-laws of the society so that the new committee as so constituted may take charge of the affairs of the society on the expiry of the period of his or their appointment."

In sub-clause (5) of the same Clause, for the words "secure charge of the same...............as the case may be", substitute the following:

"take steps to secure the records and properties and may for this purpose enter and search any place where such records or properties are kept or enter and search any place where he has reason to believe that they are kept, and seize them or may by warrant authorise any Police Officer not below the rank of Sub-Inspector to enter and search any such place and to seize such records and properties. The records and properties so secured shall be handed over to the new committee or to the person or persons authorised by the Registrar, as the case may be."

For sub-clause (6) of Clause 49, substitute the following :

"(6) Before taking any action under sub-section (1) in respect of any society, the Registrar shall—

(i) if the society is indebted to the financing bank, consult such bank regarding such action and the provisions to be made for the management of the affairs of the society, and

(ii) if the society is the Travancore Central Co-operative Bank Limited or the Cochin Central Co-operative Bank Limited or any other bank notified by Government to be a central co-operative bank for the purposes of this Section, obtain the concurrence of the Government to the taking of such action."

20. In Clause 52, for the word "ten" occurring in lines 2 and 7, substitute the word "twenty-five."

21. For the word "liquidation" occurring in the Marginal Note to clause 53, substitute the words "winding up."

22. In sub-clause (2) of Clause 54, for the words "for the liquidator" occurring at the end of the Clause, substitute the following:

"and may for this purpose enter and search any place where such records or properties are kept or enter and search any place where he has reason to believe that they are kept, and seize them or may by warrant authorise any Police Officer not below the rank of Sub-Inspector to enter and search any such place and to seize such records and properties. The records and properties so secured shall be handed over to the liquidator."

23. In Clause 57, sub-clause (c), for the word "the" occurring before the words "Central Co-operative Bank" substitute the word "any".

24. In Clause 58, sub-clause (1) lines 10 and 11, insert the words "on his own motion or" between the words "the Registrar may" and "on the application."

24. In Clause 61, sub-clause (1), add the words "or in case the said decision has been revised by Government under Section 86, the order of Government, as the case may be" between the words "of the same Section" and "shall be final."

. In sub-clause (2) of the same Clause, add the following words: "or in sub-section (1) of this Section," between the words "of the same Section" and "be final".

25. In Clause 66, delete the Proviso to sub-clause (1) and insert the following as sub-clause (2), re-numbering the existing sub-clause (2) as (3):

"(2) No society shall have in its name or title words denoting the name of any religion, race, community, caste, sect or denomination or other words indicating that the society is one intended exclusively for members belonging to any particular religion, race, community, caste, sect or denomination. The name and title of any society registered prior to the commencement of this Act which offends the provisions of this sub-section shall be changed within a period of six months from the date of commencement of this Act."

In sub-clause (3) as so re-numbered for the words "whoever contravenes the provisions of sub-section (1)," substitute the words "any person contravening the provisions of sub-section (1) or any registered society contravening the provisions of sub-section (2)."

26. The following clauses 69 to 85 shall be inserted in the Bill as a new Chapter, re-numbering the remaining clauses.

## CHAPTER XV.

### Farming Societies.

69. This Chapter shall apply to Farming Societies:

Application of the Chapter.

Provided that the Government may, by General or special order direct that the provisions of this Chapter shall also apply to any other class of societies, and thereupon they shall apply as if such societies were Farming Societies.

70. In this chapter, unless there is anything repugnant in the subject or context,—

Definitions.

(a) 'Board" means the Board constituted under Section 71.

(b) A "Farming Society" means a society formed with the object of promoting development of land and better methods of cultivation, by means of improved seed, manure, irrigation, bunding, tractor ploughing, gully plugging and soil conservation.

*Explanation* :—A Farming Society shall be of two classes :—

(1) a Better Farming Society, and (2) a Co-operative Farming Society.

(i) A Farming Society shall be classed as a Better farming society if the predominant object is the application of improved methods of cultivation. A Better Farming Society includes a Crop protection society.

(ii) A Farming Society shall be classed as a Co-operative farming society if the predominant object is the application of Co-operative methods by the holders of lands and in respect of cultivation.

The Registrar shall classify all societies under one or other of the above heads and his decision shall be final :

Provided that the Registrar for reasons to be recorded in writing may alter the classification of any society from one head to another head or from one sub-head to another sub-head.

A Society formed with the object of facilitating the operations of any one of the above classes of societies shall be classified as a society of that class.

A list of such societies, so classified shall be published annually in the Gazette.

(c) "Inquiry Officer' means an officer appointed to hold an inquiry under this Chapter ;

(d) "Owner" includes an owner in severalty in common or joint and includes a permanent tenant or tenant holding a lease for a period of not less than ten years and a mortgagee in possession.

Constitution of Board.

71. (1) For the purposes of this Chapter there shall be constituted a Board consisting of the Registrar, the Director of Agriculture and the Member of the Board of Revenue in charge of Land Revenue matters. The member of the Board of Revenue shall be the Chairman of the Board.

(2) If there is a difference of opinion between the members of the Board regarding any question under the provisions of this chapter, such question shall be referred to the Government and shall be determined in accordance with the decision of the Government.

72. (1) The Board shall appoint an Inquiry Officer for the purpose of holding inquiries under this chapter.

Appointment of an Inquiry Officer and his powers.

(2) For the purpose of such inquiries, the Inquiry Officer shall have—

(a) all the powers of the Registrar under Section 62,

(b) power to enter upon, survey and take levels of lands proposed to be included in the scheme, to dig or bore into sub-soil and to do all acts necessary for the purpose of the inquiry.

73. (1) Persons interested in a farming scheme may make an application to the Registrar of a Farming Society. Such application shall be made in accordance with the provisions of Section 9 and shall specify the area affected by the scheme. It shall be accompanied by

Preliminary procedure.

(a) a detailed description and estimate of the cost of such scheme;

(b) the names of such of the owners of the lands to be included in the scheme as may have given their consent to the making of the scheme; and

(c) such other particulars as may be prescribed by rules.

(2) The application together with its accompaniments shall be published in the village or villages and at the headquarters of the taluks within the limits of which the lands proposed to be included in the scheme are situate.

74. No Farming Society shall be registered under Section 10 unless the Board is satisfied after such inquiry as it thinks necessary, that the scheme proposed by the society is feasible and that not less than 66 per cent. of the owners in poseession of not less than 75 per cent in aggregate of the land proposed to be included in the scheme have given their consent to the making of the scheme. For this purpose the Board shall record or cause to be recorded—

Registration.

(a) a plan showing the area affected by the proposed scheme and the surrounding lands as shown in the map or maps of the village or villages affected;

(b) an examination of tha proposed scheme with any amendments therein proposed by the Board;

(c) an extract from the record of rights showing the name of the owners of the lands and the areas of the lands to be included in the scheme as approved by the Board;

(d) statements of such of the owners of such lands as consent to the making of such scheme signed by such owners before the Board or such officer as may be prescribed by rules;

(e) a detailed estimate of the costs of such scheme;

(f) a detailed statement showing how the cost is proposed to be met.

75. If the society is registered, the scheme shall be published along with the plans in the village or villages and at the headquarters of the taluks within the limits of which the lands proposed to be included in the scheme are situate, together with a general notice of inviting claims, if any. Separate notices shall, as far as possible, also be served on all owners of lands affected by the scheme and on all persons believed to be interested in the said lands. Such general and separate notices shall require all persons affected by the scheme who make any claims to appear personally or by agent before the Inquiry Officer at a time and place therein mentioned (such time not being earlier than fifteen days after the date of the publication of the scheme).

Publication of the scheme and Inviting claims and objects.

76. On the date fixed in the notices issued under section 75 or any other day to which the inquiry has been adjourned, the Inquiry Officer shall proceed to inquire into the claims (if any) which may have been made pursuant to the notices and shall here and decide any other matter which may be required to be heard and decided by or under the provisions of this Chapter.

Inquiry by the Inquiry Officer.

77. (1) If there is a dispute as to the ownership or possession of any piece of land proposed to be included in the scheme, the Inquiry Officer shall decide the dispute in accordance with the entries relating to such land in the Revenue records kept under any law for the time being in force. If there is no such record, or if in the opinion of the Inquiry Officer the entries in the Revenue record are inaccurate or inconclusive, he shall refer the matter to the Collector for decision. When the Collector decides such disputes he shall communicate his decision to the Inquiry Officer and such decision shall, subject to the provisions of sub-section (2) be final for the purpose of the inquiry under this Chapter.

Decision of disputed claim.

(2) In the event of a civil court passing a decree which is inconsistent with such decision, such decision shall be corrected, modified or rescinded in accordance with such decree, after such decree has been brought to the notice of the Inquiry Officer or the Board either by the civil court or by some person affected by such decree.

78. (1) After the inquiry under section 79 is completed, the Inquiry Officer shall make a report to the Board containing the following particulars:—

Report of Inquiry Officer.

(i) the names of all the owners of lands affected by the scheme and the nature and extent of the right or interest of each in respect of such land,

(ii) the names of all persons whose rights or liabilities are affected and the manner in which they are affected by the scheme,

(iii) a detailed estimate of the net cost of the scheme to be borne by the society,

(iv) a detailed estimate of the amounts of compensation to be paid to or of the amount to be recovered from, persons affected by the scheme,

(v) the manner in which recurring costs of the maintenance of, and other expenses incidental to the scheme shall be fixed and recovered,

(vi) any other particulars prescribed by or under the Act or the Rules.

(2) Such report shall be published in the village or villages and at the headquarters of the taluks within the limits of which the lands included in the scheme are situate and separate notice of such report shall as far as practicable be given to all persons mentioned in clause (ii) of sub-section (1).

(3) Any person aggrieved by the report of the Inquiry Officer may appeal to the Board.

Board may sanction scheme with or without modification or may refuse to give sanction.

79. (1) On receipt of the report of the Inquiry Officer, the Board may, in consultation with the Collector, after deciding such appeals as may have been made under section 78 and making such further inquiry as it may think fit, either sanction with or without modifications or refuse to give sanction to the scheme.

Appeal.

(2) Any person aggrieved by the decision of the Board may, within a period of thirty days from the date of such decision, appeal to the Government, who may pass such order as they deem fit.

Scheme to become final on publication.

(3) If an appeal is made within the period prescribed in sub-section (2) and the Government decide to sanction the scheme with or without modifications, the scheme as sanctioned by the Government, or if an appeal is made within the period aforesaid, the scheme as sanctioned by the Board shall be published in the Gazette and in any other way which may be prescribed and shall, on such publication, be final.

Effect of scheme.

80. On the day on which the scheme as sanctioned is published under section 79 it shall come into force and all the owners of lands included therein, whether they are members of the society or not, shall have such rights and shall be subject to such liabilities as are conferred or imposed on them under the scheme.

*Power to enforce scheme.*

81. On and after the day on which the scheme comes into force the Farming Society concerned may, after giving the prescribed notice and in accordance with the provisions of the scheme, execute any work which it is the duty of any person to execute under the scheme. Any expense incurred by the society under this section may be recovered from the persons in default in the manner prescribed in section 84.

*Contribution towards the costs of the scheme.*

82. (1) The costs of the scheme shall be met wholly or in part by contribution to be levied by the society from each owner of land affected by the scheme including those who may have refused to become members of the society in accordance with the decision of the Board.

(2) The owner of the land affected by the scheme shall be primarily liable for the payment of the contribution leviable in respect of such land.

*Dues of Farming societies to be first charge.*

83. Subject to the provisions of section 26 any outstanding demands of dues payable to a Farming Society by any member or past member in respect of any rent, shares, loans, contributions, or any other rights or amounts payable to such society shall be a first charge upon the interest in the crops or other agricultural produce on the land included in the scheme.

*Recovery of arrears.*

84. Any sums due to a society under the provisions of this Chapter shall, on application for its recovery being made by such society be recoverable by the Collector according to the law and under the rules for the time being in force for the recovery of arrears of land revenue.

*Power to exempt Farming societies from provisions of Chapter XV.*

85. (1) Notwithstanding anything contained in section 69, the Government may, by general or special order to be published in the Gazette, exempt any Farming Society or class of such societies from any of the provisions of this Chapter.

(2) Any society in respect of which a certificate of registration has been issued by the Registrar under section 10 before the date on which this Act comes into force, shall be deemed to have been validly registered as a Farming Society under this Chapter and shall not require re-registration, if the provisions of this Chapter have been, so far as may be, complied with and the Registrar issues a certificate to the effect that they have been so complied with.

27. In the existing Clause 73, substitute the words "Companies Act for the time being in force" for the words "Travancore Companies Act, 1114 or the Cochin Companies Act, 1120".

28. In Clause 74, sub-clause (1), substitute the word "bye-lawss" for the word "bye-law".

29. In Clanse 75, line 2, add the article "a" between the word "of" and "society".

30, Delete sub-clause (2) of Clause 77.

In sub-clause (3) of Clause 77, substitute the words "basis on which contribution has to be made by a registered society affiliated to a co-operative union", for the words "amount of contribution to be made to any co-operative union by a registered society". Re-number this sub-clause as (2).

31. In sub-clanse (2) (u) of Clause 79, delete the words "and the maximum rate of dividend which may be paid by societies".

Add the following sub-clauses before sub-clause (p) of Clause 79 (2), and re-letter the other clauses;

"(p) prescribe the procedure to be followed for renumbering the societies in the whole State;

(q) prescribe the constitution and functions of co-operative unions referred to in Section 94."

III. The Bill may be divided into separate chapters under each heading.

(Sd.) N. Kunjuraman (*Chairman*).
" P. Balakrishnan Tampi (subject to the right of moving amendments).
" T A. Abdulla.
" Pandavath Sankara Pillai (subject to the right of moving amendments).
" Joseph Mundasseri.
" T. K. Kunhayyappan.
" K. K. Viswanathan (subject to the right of moving amendments).
" Elias Mary Antony.
" Neelakantaru Pandarathil (subject to the right of moving amendments).
" P C Adichan.

24th February, 195[illegible].

V. Krishnamoorthi Aiyar,
*Secretary to the Legislative Assembly*

# THE TRAVANCORE-COCHIN CO-OPERATIVE SOCIETIES BILL.

(AS REVISED BY THE SELECT COMMITTEE)

Preamble. Whereas it is expedient further to facilitate the formation and working of co-operative societies for the promotion of thrift, self-help and mutual aid among agriculturists and other persons with common economic needs so as to bring about better living, better business and better methods of production and for that purpose to have a uniform law for the State of Travancore-Cochin relating to co-operative societies;

It is hereby enacted as follows:—

## CHAPTER I.

### *Preliminary.*

Short title, extent and commencement. 1. (1) This Act may be called the Travancore-Cochin Co-operative Societies Act, 195 .

(2) It extends to the whole of the State of Travancore-Cochin.

(3) It shall come into force on such date as the Government may, by notification in the Gazette, appoint.

Definitions. 2. In this Act, unless there is anything repugnant in the subject or context,—

(*a*) "Bye-laws" means the registered bye-laws for the time being in force and includes a registered amendment of the bye-laws;

(*b*) "Committee" means the governing body of a registered society to whom the management of its affairs is entrusted;

(*c*) "Financing Bank" means a registered society the main object of which is to lend money to other registered societies.

(*d*) "Member" includes a person joining in the application for the registration of a society and a person admitted to membership after registration in accordance with the bye-laws and rules;

(*e*) "Officer" includes a President, Vice-President, Chairman, Vice-Chairman, Secretary, Assistant Secretary, Treasurer, Member of a Committee and any other person empowered under the rules or bye-laws to give directions in regard to the business of the society;

(*f*) "Prescribed" means prescribed by rules made by the Government under this Act;

(*g*) "Registered Society" or "Society" means a society registered or deemed to be registered under this Act;.

(*h*) "Registrar" means a person appointed to perform the duties of a Registrar of Co-operative Societies under this Act;

(*i*) "Rules" means rules made under this Act; and

(*j*) "State" means the State of Travancore-Cochin.

## CHAPTER II.

### *Registration.*

The Registrar.

3. The Government may appoint a person to be Registrar of Co-operative Societies for the whole State and may appoint persons to assist such Registrar and may, by general or special order, confer on any such persons all or any of the powers of a Registrar under this Act.

Societies which may be registered

4. Subject to the provisions hereinafter contained a society which has as its object the promotion of the economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society may be registered under this Act with or without limited liability.

Provided that—

(1) unless the Government by general or special order otherwise direct, the liability of a society of which a member is a society shall be limited;

(2) the members of a society which has been registered under this Act with unlimited liability such liability not having been changed from unlimited to limited under this Act shall, on it liquidation, be jointly and severally liable for and in respect of all[3] its obligations.

Change of liability.

5. (1) Subject to the proviso to Section 4 and to any rules made in this behalf, a registered society may, with the previous sanction of the Registrar, change its liability from limited to unlimited or from unlimited to limited:

Provided that—

(i) the society shall give notice in writing of its intention to change its liability from limited to unlimited or from unlimited to limited, as the case may be, to all its members and creditors;

(ii) any member or creditor shall, notwithstanding any bye-law or contract to the contrary, have the option of withdrawing his shares, deposits or loans, as the case may be, within three months of the service of such notice on him and the change shall not take effect until all such claims have been satisfied; and

(iii) any member or creditor, who does not exercise his option within the period aforesaid, shall be deemed to have assented to the change.

(2) Notwithstanding anything contained in the proviso to sub-section (1) the change shall take effect at once if all the members and creditors assent thereto.

Restrictions on interest of member of society with limited liability and a share capital.

6. Where the liability of the members of a Society is limited by shares, no member other than a registered society shall—

hold more than such portion of the share capital of the society, subject to a maximum of one-fifth, as may be prescribed by the rules; or

have or claim any interest in the shares of the society, exceeding five thousand rupees whichever is less:

Provided that if the society has been formed with the object of providing its members with dwelling houses on conditions to be determined by its bye-laws a member may have or claim an interest in the shares of the society not exceeding Rupees 10,000.

Qualifications for membership.

7. (1) No person may be an individual member of a registered society unless—

(i) he has attained the age of 18 years; and

(ii) is resident within or is in occupation of land in the same town, village or pakuthi or groups of villages or pakuthies.

(2) Membership to any society shall not be refused merely on the ground that a person belongs to a particular religion, race, community, caste, sect or denomination.

(3) when for the purposes of this Section any question arises whether any person is resident in a town, village or pakuthi, groups of villages or pakuthies or whether two or more villages or pakuthies form a group, the question shall be decided by the Registrar, whose decision shall be final.

Conditions of registration.

8. (1) No society, other than a society of which a member is a registered society, shall be registered under this Act which does not consist of at least twenty-five members who are qualified to be members under Section 7.

(2) The number of individual members in a society registered after the commencement of this Act, the membership of which consists of registered societies and individual members, shall not exceed fifty per cent of the number of registered societies which are members thereof.

(3) The word 'Limited' shall be the last word in the name of every society with limited liability registered under this Act.

9. (1) For purposes of registration, an application to register shall be made to the Registrar.

Application for registration.

(2) The application shall be signed—

(a) in the case of a society of which no member is a registered society, by at least twenty five persons qualified in accordance with the requirements of Section 7, sub-section (1); and

(b) in the case of a society of which a member is a registered society, by a duly authorised person on behalf of every such registered society and where all the members of the society are not registered societies, by twenty-five other members, or when there are less than twenty-five other members, by all of them.

(3) The application shall be accompanied by a copy of the proposed bye-laws of the society and the persons by whom or on whose behalf such application is made shall furnish such information in regard to the society as the Registrar may require.

10. If the Registrar is satisfied that a society has complied with the provisions of this Act and the rules and that its proposed bye-laws are not contrary to this Act or to the rules, he may register the society and its bye-laws :

Registration.

Provided that no society shall be registered if in the opinion of the Registrar its declared objects are unlikely to be achieved, or if it is economically unsound or if it may have an adverse effect upon any registered society or the co operative movement in general.

In case of refusal the Registrar shall within seven days of such refusal cause a copy of the order be sent to the applicant by registered Post or Anchal and an appeal shall lie to the Government from the said order within two months from the date on which the order was so sent.

11. A certificate of registration signed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered, unless it is proved that the registration of the society has been cancelled.

Evidence of registration.

12. (1) No amendment of the bye-laws of a registered society (whether by way of cancellation, addition or alteration) shall be valid until approved by the resolution of a general meeting and registered under this Act, for which purpose, a copy of the amendment shall be forwarded to the Registrar.

Amendment of the bye-laws of a registered society.

(2) If the Registrar is satisfied that aoy amendmeot of the bye-laws is not contrary to this Act or to the rules he may register the amendment.

In case of refusal the Registrar shall within seven days of such refusal cause a copy of the order to be sent to the applicant by registered Post or Anchal and an appeal shall lie to the Government from the said order within two months from the date on which the order was so sent.

(3) When the Registrar registers an ameodmeot of the hye-laws of a society he shall issue to the society a copy of the amendment certified by him, which shall be conclosive evidence that the same is duly registered.

## CHAPTER III.

### *General Meetings.*

Annual general meeting.

13. Every registered society shall call an annual general meeting of its members withiu the time prescribed therefor.

Special General meeting.

14. (1) A special general meeting may be called at any time by a majority of the committee; and such meeting shall be called within one month from the date of

(*a*) a requisition in writing of not less than one-fifth of the members of the society; or

(*b*) a requisition by the Registrar.

(2) If a meetiug as aforesaid is not convened by the committee on a requisition under clause (a) or (b) of sub-sectioo (1), the Registrar shall have power to call a meeting of the members himself.

## CHAPTER IV.

### *Changes subsequent to Registration.*

Change of name; its effect.

15. A society may, by a resolution of a general meeting of its members and with the approval of the Registrar change its name; but such change shall not affect any right or obligation of the society, or of any of its members, or past members and any legal proceedings pending may be contioued by or against the society under its new name.

16. (1) Any two or more societies may, with the approval of the Registrar by resolution passed by a three-fourths majority of the members present at a special general meeting of each such society held for the purpose, amalgamate as a single society: provided that notice of the resolution and the date of the meeting shall be sent to each member at least fifteen days before the date of the meeting. Such an amalgamation may be effected without a dissolution, or a division of the funds, of the amalgamating societies. The resolution of the societies concerned shall on such amalgamation be a sufficient conveyance to vest the assets and liabilities of the amalgamating societies in the amalgamated society.

Amalgamation or transfer of societies.

(2) Any society may by a resolution passed in accordance with the procedure laid down in sub-section (1) transfer its assets and liabilities to any other society which is prepared to accept them:

Provided that when any such amalgamation or transfer of assets and liabilities involves the transfer of its liabilities by any society to any other society, it shall not be made without giving three months' notice to the creditors of both or all such societies:

Provided further that if a creditor or creditors of any of the societies concerned objects or object to such amalgamation or transfer of assets and liabilities and gives or give written notice to that effect to the society or societies concerned one month before the date fixed for such amalgamation or transfer, the amalgamation or transfer shall not be made until the dues of such creditor or creditors have been satisfied.

17. (1) Any society may, with the approval of the Registrar, by a resolution passed by a three-fourths majority of the members present at a special general meeting of the society held for the purpose, resolve to divide itself into two or more societies, provided that notice of the resolution and the date of the meeting shall be sent to each member at least fifteen days before the date of the meeting. The resolution (thereinafter in this section referred to as a preliminary resolution) shall contain proposals for the division of the assets and liabilities of the society among the new societies in which it is proposed to divide it and may prescribe the area of operation of, and specify the members who will constitute, each of the new societies.

Division of societies.

(2) A copy of the preliminary resolution shall be sent to all the members and creditors of the society. A notice of the resolution shall also be given in the prescribed manner to all other persons whose interests will be affected by the division of the society.

(3) Any member of the society may, notwithstanding any bye-law to the contrary, by notice given to the society within a period of three months from his receipt of the resolution, intimate his intention not to become a member of any of the new societies.

(4) Any creditor of the society may, notwithstanding any agreement to the contrary, by notice given to the society within the said period, intimate his intention to demand a return of the amount due to him.

(5) Any other person whose interests will be affected by the division may by notice given to the society object to the division unless his claim is satisfied.

(6) After the expiry of the three months from the receipt of the preliminary resolution by all the members and creditors of the society and of the notice by other persons given under sub-section (2) another special general meeting of the society, of which at least fifteen clear days' notice shall be given to its members shall be convened for considering the preliminary resolution. If at such meeting the preliminary resolution is confirmed by a resolution passed by a majority of not less than two-thirds of the members present, either without changes or with such changes as, in the opinion of the Registrar, are not material, he may, subject to the provisions of sub-section (9) and Section 10, register the new societies and the bye-laws thereof. On such registration, the registration of the old society shall be deemed to have been cancelled and the society shall be deemed to be dissolved from the date of such cancellation.

(7) The opinion of the Registrar as to whether the changes made in the preliminary resolution are or are not material shall be final and no appeal shall lie therefrom.

(8) At the special general meeting referred to in sub-section (6) provision shall be made by another resolution for—

(i) repayment of the share capital of all the members who have given notice under sub-section (3);

(ii) the satisfation of the claims of all the creditors who have given notice under sub-section (4);

(iii) satisfaction of the claims of such of the other persons who have given notice under sub-section (5) as the Registrar decides or securing their claims in such manner as the Registrar directs:

Provided that no member or creditor or other person shall be entitled to such repayment or satisfaction until the preliminary resolution is confirmed as provided in sub-section (6).

(9) If, within such time as the Registrar considers reasonable, the share capital of the members referred to in sub-section (8) is not repaid or the claims of the creditors referred to in that sub-section are not satisfied or the claims of the other persons are not satisfied or secured as provided in clause (iii) of sub-section (8), the Registrar may refuse to register the new societies.

(10) The Registration of the new societies shall be a sufficient conveyance to vest the assets and liabilities of the original society in the new societies in the manner specified in the preliminary resolution as confirmed under sub-section (6).

## CHAPTER V.

*Rights and Liabilities of Members.*

Member not to exercise rights till due payments made.

18. No member of a registered society shall exercise the rights of a member unless or until he has made such payments to the society in respect of membership or acquired such interest in the society as may be prescribed by the rules and bye-laws of such society.

Votes of members.

19. (1) No member of any registered society shall have more than one vote in the affairs of the society provided that in the case of an equality of votes the Chairman shall have a casting vote.

(2) A registered society which has invested any part of its funds in the shares of another registered society may appoint any of its members not disqualified for such appointment under any rules prescribed in that behalf to vote in the affairs of such other registered society.

Restrictions on transfer of shares of interest.

20. (1) The transfer or charge of the share or interest of a member in the capital of a registered society shall be subject to such conditions as to maximum holding as may be prescribed by this Act or by the rules.

(2) A member shall not transfer any share held by him or his interest in the capital or property of any society or any part thereof unless :—

(*a*) he has held such share or interest for not less than one year ; and

(*b*) the transfer or charge is made to the society or to a member of the society or to a person whose application for membership has been accepted by the society.

## CHAPTER VI.

*Duties of Registered Societies.*

Address of societies.

21. Every registerd society shall have an address registered in accordance with the rules, to which all notices and communications may be sent, and shall give notice in writing to the Registrar of any change in the said address within fifteen days of such change.

Copy of Act, rules and bye-laws to be open to inspection.

22. Every registered society shall keep open to inspection free of charge at all reasonable times at the registered address of the society—

**(*a*) a copy of this Act,**

(b) a copy of the rules governing such society.
(c) a copy of the bye-laws of such society, and
(d) the register of its members.

23. (1) The Registrar shall audit or cause to be audited by some officer or other person authorised by him in writing by general or special order in this behalf the accounts of every society once at least in every year.

Audit.

(2) The audit under sub-section (1) shall include an examination of overdue debts, if any, the verification of cash balance and securities and a valuation of the assets and liabilities of the society.

(3) The Registrar or other officer or person auditing the accounts of any society shall have free access to the books, accounts, records and vouchers of such society and shall be allowed to verify its cash balances and securities.

The Committee, Secretary and other officers of the society shall furnish to the Registrar or other person appointed to audit the accounts of a society all such information as to its transactions and working as the Registrar or such person may require and shall produce the cash for verification with the cash balance when demanded by the Registrar or the person appointed to audit.

(4) The Registrar and every other person appointed to audit the accounts of a society shall have power when necessary–

(i) to summon at the time of his audit any officer, agent servant or member of the society who he has reason to believe can give valuable information in regard to any transaction of the society or the management of its affairs, or

(ii) to require the production of any book or document relating to the affairs of the society or any cash or securities belonging to the society by the officer, agent, servant or member in possession of such book, document, cash or securities.

## CHAPTER VII.

### *Privileges of Registered Societies.*

24. The registration of a society shall render it a body corporate by the name under which it is registered with perpetual succession and a common seal, and with power to hold property, to enter into contracts, to institute and defend suits and other legal proceedings and to do all things necessary for the purposes for which it was constituted.

Societies to be bodies corporate.

25. Subject to the prior claim, if any, of the Government in respect of land revenue or any money recoverable as land revenue or of a landlord in respect of rent—

Prior claim of society.

(*a*) any debt or outstanding demand owing to a society by any member, or past member or deceased member shall be a first charge—

(1) upon crops or other agricultural produce raised in whole or in part with any loan taken from the society by such member or past member or deceased member ;

(2) upon any cattle, fodder for cattle, agricultural or industrial implements or machinery or raw materials for manufacture or workshop, godown or place of business supplied to or purchased by such member or past member or deceased member in whole or in part from any loan whether in money or goods given him by the society.

(*b*) any outstanding demands or dues payable to a housing society by any member or past member in respect of rent, shares, loans, or purchase money or any other rights or amounts payable to such society shall be a first charge upon his interest in the immovable property of the society.

Deduction from salary to meet society's claim in certain cases.

26. (1) A member of a society may execute an agreement in favour of the society providing that his employer shall be competent to deduct from the salary or wages payable to him by the employer such amount as may be specified in the agreement and to pay the amount so deducted to the society in satisfaction of any debt or other demand owing by the member to the society.

(2) On the execution of such agreement the employer shall, if so required by the society by a requisition in writing and so long as such debt or demand or any part of it remains unpaid, make the deduction in accordance with the agreement and pay the amount so deducted to the society.

(3) The provisions of this section shall also apply to all such agreements of the n ture referred to in sub-section (1) subsisting on the date of the commencement of this Act.

Charge and set off in respect of shares or interest of member.

27. A registered society shall have a charge upon the share or interest in the capital and on the deposits of a member or past or deceased member and upon any dividend, bonus or profits payable to a member or past member or the estate of a deceased member in respect of any debt due from such member or past member to the society, and may set off any sum credited or payable to a member or past member or the estate of a deceased member in or towards payment of any such debt.

Shares or interest not liable to attachment.

28. Subject to the provisions of Section 27 the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a court of justice in respect of any debt or liability incurred by such member, and neither the Receiver under the law of insolvency for the time

being in force nor a Receiver appointed under the Code of Civil Procedure for the time being in force shall be entitled to or have any claim on such share or interest.

29. (1) On the death of a member of a society, such society may within a period of one year from the death of such member, transfer the share or interest in the capital of the deceased member to a person or persons nominated in accordance with the rules or the bye-laws of the society in this behalf, if duly admitted a member of the society in accordance with the rules or the bye-laws of the society, or if there is no person so nominated, to such person as may appear to the committee to be the heir or legal representative of the deceased member if duly admitted a member of the society, or may pay to such nominee, heir or legal representative, as the case may be, a sum representing the value of such member's share or interest ascertained in accordance with the rules or the bye-laws:

Transfer of interest on death of member.

Provided that such nominee, heir or legal representative, as the case may be, may require that payment shall be made by the society within one year from the death of the member of the value of the share or interest of such member ascertained as aforesaid.

(2) A society shall, subject to the provisions of Section 27 and unless prevented by an order of a competent court, pay to such nominee, heir or legal representative, as the case may be, all other moneys due to the deceased member from the society.

(3) All transfers and payments made by a society in accordance with the provisions of this section shall be valid and effectual against any demand made upon the society by any other person.

30. The liability of a past member or of the estate of a deceased member for the debts of a registered society as they existed on the date of his ceasing to be a member or of his decease, as the case may be, shall continue for a period of two years from such date.

Liability of past member or of the estate of a deceased member.

31. (1) Every registered society shall maintain a register of its members in the manner prescribed.

Register of members and the decision of disputes regarding membership.

(2) Whenever any dispute arises as to whether a person is a member of a registered society or not such dispute shall be referred to the Registrar for his decision.

(3) The Registrar shall, after giving the person concerned an opportunity to be heard, decide the question and his decision shall be final and shall not be questioned in any civil court.

32. Any register or list of members or shares kept by any registered society shall be *prima facie* evidence of any of the following particulars entered therein :—

Register of members.

(a) the date on which the name of any person was entered in such register or list as a member ;

(b) the date on which any such person ceased to be a member.

33. A copy of any entry in any book, register or list regularly kept in the course of business in the possession of a society shall, if duly certified in such manner as may be prescribed by the rules, be admissible in evidence of the existence of the entry and shall be admitted as evidence of the matters and transactions therein recorded in every case where, and to the same extent to which, the original entry would, if produced, have been admissible to prove such matters.

Admissibility of copy of entry as evidence.

34. Nothing in Section 10, sub-section (1) clauses (a) and (b) of the Travancore Registration Act or Section 11, clauses (b) and (c) of the Cochin Registration Act shall apply to—

Exemption from compulsory registration of instruments relating to shares and debentures of registered society.

(1) any instrument relating to shares in a registered society notwithstanding that the assets of such society consist in whole or in part of immovable property ; or

(2) any debentures issued by any such society and not creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immovable property except in so far as it entitles the holder to the security afforded by a registered instrument whereby the society has mortgaged, conveyed or otherwise transferred the whole or part of its immovable property or any interest therein to trustees upon trust for the benefit of the holders of such debentures ; or

(3) any endorsement upon or transfer of any debenture issued by any such society.

35. The Government by notification in the Gazette, may in the case of any society or class of societies, remit—

Power to exempt from tax, stamp duty, registration and Court fees.

(1) the stamp duty with which, under any law for the time being in force, instruments executed in favour of or by or on behalf of a society or by an officer or member and relating to the business of such society or any class of such instruments, or awards of the Registrar or arbitrators under this Act are respectively chargeable ;

(2) any fee payable under the law of registration or of court fees for the time being in force ; and

(3) any tax due to the Government or to any local authority.

36. Notwithstanding anything contained in any other enactment, the Government may, subject to such rules as may be prescribed in this behalf, grant loans to, take shares in, or give financial assistance in any other form to any registered society.

Government aid to registered societies

## CHAPTER VIII.

### *Property and Funds of Registered Societies.*

37. (1) A registered society shall not make a loan to any person other than a member:

Restrictions on loans and borrowing.

Provided that, with the general or special sanction of the Registrar, a registered society may make loans to another registered society.

(2) Save with the sanction of the Registrar, a registered society shall not lend money on the security of movable property other than agricultural produce.

(3) Notwithstanding anything contained in sub-sections (1) and (2), a registered Society may make a loan to a depositor on the security of his deposit.

(4) The Government may, by general or special order, prohibit or restrict the lending of money on mortgage of immovable property by any registered society or class of registered societies.

(5) A registered Society shall receive deposits and loans only to such extent and under such conditions as may be prescribed by the rules or the bye-laws of the Society.

38. Save as provided in Section 37, the transaction of a registered society with persons other than members shall be subject to such prohibitions and restrictions, as the Government may, by rules prescribe.

Restrictions on other transactions with non-members.

39. (1) Subject to the provisions of sub-section (4) of section 37, a registered society may invest or deposit its funds—

Investment of funds.

(*a*) in the Government Savings Bank; or

(*b*) in promissory notes, debentures, stock or other securities of the Government of India; and

(*c*) in stock or debentures or of shares in Railway or other companies, the interest whereon shall have been guaranteed by the Government of India or by this Government; or

(*d*) on a first mortgage of immovable property situate in the State provided that the property is not a lease hold for a term of years and that the value of the property exceeds by one-third or, if it consists of buildings, exceeds by one-half, the mortgage amount; or

(e) in the shares or on the security of any other registered society in the State, provided that no such investment shall be made in the shares of any society other than one with limited liability; or

(f) with any bank or person carrying on the business of banking approved for this purpose by the Registrar; or

(g) in any other mode permitted by the rules.

(2) Any investments or deposits made before the commencement of this Act which would have been valid if this Act had been in force are hereby ratified and confirmed.

Restrictions on dividend.

40. No society shall pay a dividend to its members at a rate exceeding seven and a half per cent.

Reserve fund.

41. (1) Every society which does or can derive a profit from its transactions shall maintain a reserve fund.

(2) In the case of a society with unlimited liability, at least one-fourth of the net profits of the society each year shall be carried to the reserve fund and in the case of any other society at least one-tenth of the net profits of the society each year shall be carried to the reserve fund; and such reserve fund shall not be used in the ordinary business of the society but may, subject to the provisions of Section 39, be invested as the Government may by general or special order direct or may with the previous sanction of the Government be used in part for some public purpose likely to promote the objects of this Act or for some purposes of local interest or may be drawn upon to the extent of not more than twenty-five per cent thereof for purposes sanctioned by the Registrar.

Restrictions on distribution of profits

42. Subject to the provisions of Section 40, the balance of the profits of a society after making the prescribed provision for the reserve fund may, together with any available profits of past years, be distributed among its members and in the case of consumers societies, also among persons who are not members, to the extent and under the conditions prescribed by the Rules or the bye-laws of such societies.

*Explanation*:—In this Section 'consumers' society' means a society formed with the object of obtaining and distributing goods to or of performing services for its members as well as to other consumers and of dividing among its members and customers in a proportion prescribed by the rules or the bye-laws of the society the profits accruing from such supply and distribution.

Provident fund.

43. (1) Any society may establish a provident fund for its members out of contributions from such members in accordance with the bye-laws made by the society in this behalf and may contribute to such rovident fund from its net profits, after the prescribed payments ave been made to the reserve fund.

(2) Any society may establish a provident fund for its officers and servants out of contributions from such officers and servants and may contribute to such provident fund at such rate from the funds of the society, in accordance with the bye-laws made by the society in this behalf:

Provided that the provident funds referred to in sub-sections (1) and (2) shall not be used in the business of the society, but shall be invested under the provisions of section 39; and provided further that no part of such funds shall be considered to be an asset of the society.

Contributions to charitable purpose

44. Any registered society may after one-fourth or one-tenth, as the case may be, of the net profits in any year has been carried to a reserve fund, contribute, subject to the approval of the Registrar, an amount not exceeding seven and a half per cent of the remaining net profits to any co-operative or charitable purpose.

*Explanation.*—Charitable purpose includes relief of the poor, education, medical relief and the advancement of any other object of general public utility, but does not include a purpose which relates either wholly or in part to religious teaching or worship.

## CHAPTER IX.

### *Inquiry and Inspection.*

Inquiry by Registrar.

45. (1) The Registrar may of his own motion, and shall, on the application of the majority of the committee or of not less than one-fourth of the members, hold an inquiry or direct some person authorised by him by order in writing in this behalf to hold an inquiry into the constitution, working and financial condition of a registered society.

(2) The Registrar or the person authorised by him under sub-section (1) shall have the following powers, namely:—

(*a*) He shall, at all reasonable times, have free access to the books, accounts, documents, securities, cash and other properties belonging to or in the custody of the society and may summon any person in possession or responsible for the custody of any such books, accounts, documents, securities, cash or other properties to produce the same at any place at the headquarters of the society or any branch thereof.

(*b*) He may summon any person who he has reason to believe has knowledge of any of the affairs of the society to appear before him at any place at the head-quarters of the society or any branch thereof and may examine such person on oath.

(c) (i) He may, notwithstanding any rule or bye-law prescribing the period of notice for a general meeting of the society, require the officers of the society to call a general meeting at such time and place at the headquarters of the society or any branch thereof and to determine such matters as may be directed by him and if the officers of the society refuse or fail to call such a meeting, he shall have power to call it himself: provided that at least three clear days' notice shall have been given in respect of a meeting called under this clause.

(ii) Any meeting called under clause (i) shall have all the powers of a general meeting called under the bye-laws of the society and the proceedings shall be regulated by such bye-laws.

Inspection of books by Registrar.

46. (1) The Registrar may, on the application of a creditor of a registered society inspect or direct some person authorised by him in this behalf by a general or special order in writing to inspect the books of the society.

(2) No inspection shall be made or directed under sub-section (1) unless the creditor—

(a) satisfies the Registrar that the debt is a sum then due and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and

(b) deposits with the Registrar such sum as security for the costs of the proposed inspection as the Registrar may require,

(3) Where an inspection is made under sub-section (1), the Registrar shall communicate the results of such inspection to the creditor to whom the society is indebted.

Costs of inquiry and inspection.

47. Where an inquiry is held under Section 45 or an inspection is made under Section 46 the Registrar may, after giving the parties an opportunity to be heard, apportion the costs or such part of the costs as he may think right, between the society, the members or creditors demanding an inquiry or inspection and the officers or former officers of the society in accordance with such rules as may be made by the Government.

Recovery of costs.

48. Any sum awarded by way of costs under Section 47 may be recovered as if it were an arrear of land revenue.

## CHAPTER X.

### Supersession of Committee of Society.

Supersession of Committee.

49. (1) If, in the opinion of the Registrar, the committee of any registered society is not functioning properly, he may, after giving an opportunity to the committee to state its objections, if any, by order in writing, dissolve the committee and appoint a suitable person or persons to manage the affairs of the society for a specified period not exceeding one year. The period specified in such order may, at the discretion of the Registrar, be reduced or extended from time to time:

Provided that such order shall not remain in force for more than two years in the aggregate.

(2) The person or persons so appointed shall, subject to the control of the Registrar and to such instructions as he may from time to time give, have power to exercise all or any of the functions of the committee or of any officer of the society, and to take all such action as may be required in the interests of the society.

(3) The Registrar may fix the remuneration payable to the person or persons so appointed. The amount of such remuneration and the other costs, if any, incurred in the management of the society, shall be payable from its funds.

(4) The person or persons so appointed shall arrange for the constitution of a new committee in accordance with the by-laws of the society so that the new committee as so constituted may take charge of the affairs of the society on the expiry of the period of his or their appointment.

(5) If the managing committee of a society is reconstituted in a meeting of the general body of the society or if the managing committee is dissolved by the Registrar under sub section (1) and if the outgoing members of the old committee refuse to hand over charge of the records and properties to the new committee or the person or persons appointed by the Registrar under sub-section (1), the new committee or the person or persons appointed by the Registrar under sub-section (1), as the case may be, may apply through the Registrar to the Magistrate within whose jurisdiction the society functions to take steps to secure the records and properties and may for this purpose enter and search any place where such records or properties are kept or enter and search any place where he has reason to believe that they are kept, and seize them or may by warrant authorise any Police Officer not below the rank of Sub-Inspector to enter and search any such place and to seize such records and properties. The records and properties so secured shall be handed over to the new committee or to the person or persons authorised by the Registrar, as the case may be.

(6) Before taking any action under sub-section (1) in respect of any society, the Registrar shall—

(i) if the society is indebted to the financing bank, consult such bank regarding such action and the provisions to be made for the management of the affairs of the society, and

(ii) if the society is the Travancore Central Co-operative Bank Limited or the Cochin Central Co-operative Bank Limited or any other bank notified by Government to be a Central Co operative Bank for the purposes of this Section, obtain the concurrence of the Government to the taking of such action.

(7) Nothing in this section shall be deemed to affect the powers of the Registrar to cancel the registration of any society under Section 54.

50. Appeal. An appeal against an order of the Registrar under Section 49 may be made by any party aggrieved or affected by the order to the Government within two months of the date of communication of the order.

## CHAPTER XI.

### WINDING UP OF SOCIETIY.

51. Winding up. (1) If the Registrar, after an enquiry has been held under Section 45 or after an inspection has been made under Section 46 or on receipt of an application made by three fourths of the members of a registered society is of opinion that the society ought to be wound up, he may issue an order in writing directing it to be wound up, and when necessary may appoint a liquidator for the purpose and fix his remuneration.

(2) Any party aggrieved by the order of the Registrar may within two months from the date of the order appeal to the Government, and subject to the decision in appeal the order of the Registrar shall be final.

(3) If the appeal preferred under sub-section (2) is allowed by the Government, the liquidator shall give up possession of the assets, books, records and other documents of the society to the managing committee or where the managing committee has been superseded, to the person or persons appointed under Section 49, and shall cease to carry on the business of the society, provided that all acts done by him in his capacity as liquidator shall continue to have legal validity as if they had been done by the managing committee or the person or persons appointed under Section 49, as the case may be, or the society.

*Society may be wound up if membership is reduced.*

52. Where it is a condition of the registration of a society that it should consist of at least twenty five members who have attained the age of majority, the Registrar may, by order in writing, direct the society to be wound up, if at any time it is proved to his satisfaction that the membership has been reduced to less than twenty five such members, and when necessary may appoint a liquidator for the purpose and fix his remuneration.

*Effect of winding up of society on past member or on estate of deceased member.*

53. Notwithstanding anything contained in Section 30, when a society is directed to be wound up under Section 51 or Section 52 the liability of a past member and the liability of the estate of a deceased member of the society, as it existed on the date on which the society was directed to be wound up, shall continue until all the liabilities of the society are met.

*Cancellation and effect of cancellation of registration.*

54. (1) When the affairs of a registered society for which a liquidator has been appointed under Section 51 or Section 52 have been wound up, or where no liquidator has been appointed, after two months from the date of an order under Section 51, or after confirmation of such order in appeal, or after two months from the date of an order under Section 52 the Registrar shall make an order cancelling the registration of the society, and the society shall be deemed to be dissolved from the date of such order.

(2) On receipt of an order of appointment of a liquidator the managing committee of the society shall at once hand over charge of all records and properties of the society to the liquidator appointed. In case the managing committee of the society refuses to do so, the Magistrate within whose jurisdiction the particular society functions shall, on application by such liquidator, take all necessary measures to secure the records and properties and may for this purpose enter and search any place where such records or properties are kept or enter and search any place where he has reason to believe that they are kept, and seize them or may by warrant authorise any Police Officer not below the rank of Sub-Inspector to enter and search any such place and to seize such records and properties. The records and properties so secured shall be handed over to the liquidator.

*Powers of a Liquidator.*

55. (1) A liquidator appointed under Section 51 or Section 52 shall have power with the sanction of the Registrar to do all or any of the following things:—

(*a*) to pay any class or classes of creditors in full;

(*b*) to make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging themselves to have any claim, present or future, whereby the society may be rendered liable;

(c) to compromise all calls or liabilities to calls and debts and liabilities capable of resnlting in debts, and all claims, preseot or future, certain or contingent, subsisting or supposed to subsist betweeo the society and a contributory or alleged contributory or other debtor or person apprebeoding liability to the society and all questions in any way relating to or affecting the assets or the winding up of the society on snch terms as may be agreed upon and to take any security for the discharge of any snch call, liability, debt, or claim and give a complete discharge in respect thereof;

(d) from time to time to determine the contribution to be made or remaining to be made by the members or past members or hy the estates or nominees, heirs or legal representatives of deceased members or by any officer to the assets of the society, such contribution inclnding debts due from such members or persons;

(e) to institute and defend snits and other legal proceedings on behalf of the society in the name of his office;

(f) to get disputes referred to arbitration;

(g) to investigate all claims against the society and subject to the provisions of this Act to decide qnestions of priority arisiog ont of snch claims, and to pay rateably according to the amount of such debts, the surplus, if any, heing applied in payment of interest from the date of liquidation at a rate to be fixed by the Registrar but not exceeding the contract rate in any case;

(h) to determine by what person aod in what proportion the cost of the liquidation shall be horne;

(i) to give such directioos in regard to the collection and distribution of the assets of the society as may appear to him to be necessary for winding up the affairs of the society;

(j) to fix the time or times within which creditors shall prove their debts and claims or be inclnded for the benefit of any distribution made before those debts or claims are proved;

(k) to carry on the business of the society so far as may be necessary for the beneficial winding up of the same:

Provided that no liquidator shall determine the contribution, debt or dues to be recovered from a member, past member or the representative of a deceased member unless opportunity has been given to such member or past member or to such rpresentative to answer the claim:

(2) Subject to any rules that may be made under this Act, a liquidator appointed under Section 51 or Section 52 shall, in so far as such powers are necessary for carrying out the purposes of this section, have power to summon and enforce the attendance of witnesses and to compel the production of any books, accounts, documents, securities, cash or other properties belonging to or in the custody of the society by the same means and (so far as may be) in the same manner as is provied in the case of a civil court under the Code of Civil Procedure for the time being in force.

Deposit of records.

(3) When the affairs of the society have been wound up, the liquidator shall deposit the records of the society in such place as the Registrar may direct.

Appeal.

(4) Any person aggrieved by any order of the liquidator may in the prescribed manner appeal to the Registrar against such order within two months from the date of issue of the order.

Bar of suit in winding up and dissolution matters.

56. Save in so far as is expressly provided in this Act, no civil court shall take cognizance of any matter connected with the winding up or dissolution of a society under this Act, and when a winding up order has been made, no suit or other legal proceeding shall lie or be proceeded with against the society except by leave of the Registrar and subject to such terms as he may impose.

Disposal of surplus assets.

57. After all the liabilities including the paid up share capital of a society the registration of which has been cancelled have been met the surplus assets shall not be divided amongst its members but they shall be devoted to any object or objects described in the bye-laws of the society, and when no object is so described, to any object of public utility determined by the general meeting of the society and approved by the Registrar, or they may in consultation with the general body of the society either be assigned by the Registrar in whole or in part to any or all of the following:—

(a) any object of public utility of local or general interest to the community;

(b) a charitable purpose as defined in the explanation to Section 44 of this Act;

(c) any Co-operative Institute in the State; or may be placed on deposit with any Central Co-operative Bank until such time as a new society with similar conditions is registered when, with the consent of the Registrar, such surplus may be credited to the reserve fund of such new society.

# CHAPTER XII.

## *Surcharge and Attachment.*

Power of Registrar to assess damage against delinquent promoters, etc.

**58.** (1) Where, in the course of an audit under Section 23 or an inquiry under Section 45 or an inspection under Section 46 or the winding up of a society, it appears that any person who has taken part in the organisation or management of the society or any past or present chairman, secretary, member of the managing committee or officer of the society has misapplied or retained or become liable or accountable for any money or property of the society or has been guilty of misfeasance or breach of trust in relation to the society, the Registrar may, on his own motion or on the application of the officer conducting the audit or holding the inquiry or inspection, or of the liquidator or of any creditor or contributory, examine into the conduct of such person and, after giving reasonable opportunity to the person concerned to submit his explanation, make an order requiring him to repay or restore the money or property or any part thereof respectively with interest at such rate as the Registrar thinks just or to contribute such sum to the assets of the society by way of compensation in regard to the misapplication, retainer, misfeasance or breach of trust as the Registrar thinks just.

(2) Any party aggrieved by an order of the Registrar under sub-section (1) may, within three monthts of the date of receipt by him of the order, apply to the District Court having jurisdiction over the area in which the headquarters of the society is situated, to set aside the order and, subject to the decision of the District Court, the order of the Registrar under sub-section (1) shall be final.

(3) Any sum ordered under this section to be repaid to a society or recovered as a contribution to its assets may be recovered on a requisition being made in this behalf to the Collector by the Registrar in the same manner as arrears of land revenue.

(4) This section shall apply notwithstanding that such person or officer may have incurred criminal liability by his act.

Attachment of property.

**59.** Where the Registrar is satisfied on the application of the liquidator or otherwise that any person with intent to defeat or delay the execution of any order that may be passed against him under clause (*d*) of sub-section (1) of Section 55 or Section 58—

(*a*) is about to dispose of the whole or any part of his property, or

(*b*) is about to remove the whole or any part of his property from the State, the Registrar may, unless adequate security is furnished, direct the conditional

attachment of the said property or such part thereof as he thinks necessary and such attachment shall have the same effect as if it had been made by a competent civil court.

## CHAPTER XIII.

### *Arbitration.*

60. (1) If any dispute touching the business of a registered society (other than a dispute regarding disciplinary action taken by the society or its committee against a paid servant of the society) arises—

Disputes.

(*a*) among members, past members and persons claiming through members, past members and deceased members, or

(*b*) between a member, past member or person claiming through a member, past member or deceased member and the society, its committee or any officer, agent or servant of the society, or

(*c*) between the society or its committee and any past committee, any officer, agent or servant, or any past officer, past agent, or past servant, or the nominee, heirs or legal representatives of any deceased officer, deceased agent or deceased servant, of the society, or

(*d*) between the society and any other registered society, such dispute shall be referred to the Registrar for decision.

*Explanation*—A claim by a registered society for any debt or demand due to it from a member, past member or the nominee, heir or legal representative of a deceased member, whether such debt or demand be admitted or not, is a dispute touching the business of the society within the meaning of this sub-section.

(2) The Registrar may, on receipt of such reference,—

(*a*) decide the dispute himself, or

(*b*) transfer it for disposal to any person who has been invested by the Government with powers in that behalf, or

(*c*) subject to such rules as may be prescribed, refer it for disposal to an arbitrator or arbitrators:

Provided that if any party to the dispute applies for action being taken under clause (c), the Registrar shall act accordingly.

(3) Subject to such rules as may be prescribed, the Registrar may withdraw any reference transferred under clause (b) of sub-section (2) or referred under clause (c) of that sub section and deal with it in the manner provided in the said sub-section.

(4) Where the Registrar is satisfied that a party to any reference made to him under sub-section (1), with intent to defeat or delay the execution of any decision that may be passed thereon—

(a) is about to dispose of the whole or any part of his property, or

(b) is about to remove the whole or any part of his property from the State,

the Registrar may, unless adequate security is furnished, direct the conditional attachment of the said property or such part thereof as he thinks necessary; and such attachment shall have the same effect as if it had been made by a competent civil court.

(5) The Registrar may, of his own motion or on the application of a party to a reference, revise any decision thereon by the person to whom such reference was transferred or by the arbitrator or arbitrators to whom it was referred.

Finality of order.

61. (1) Any decision passed by the Registrar under clause (a) of sub-section (2) of Section 60 or under sub-section (5) of the same section or in case the said decision has been revised by Government under Section 86, the order of Government, as the case may be shall be final and shall not be called in question in any civil court.

(2) Any decision that may be passed by the person to whom a reference is transferred or by the arbitrator or arbitrators to whom it is referred under sub-section (2) of Section 60 shall, save as otherwise provided in sub-section (5) of the same section, or in sub-section (1) of this Section, be final and shall not be called in question in any civil court.

Power to enforce attendance.

62. Wherever in this Act it is provided that the Registrar or persons duly authorised by general or special order in writing by the Registrar in this behalf shall hold an inquiry under Section 45 or shall wind up a society or shall arbitrate, the Registrar, or person authorised, as the case may be, shall, subject to such rules as may be passed by the Government for the payment of batta to the witnesses, have the power to summon and enforce the attendance at the headquarters of the society concerned of witnesses including the parties interested or any of them and to compel them to give evidence, and to compel the production of documents by the same means and as far as possible in the same manner as provided in the case of a civil court by the Code of Civil Procedure for the time being in force.

Money how recovered.

63. Every order passed by a liquidator under Section 55 or by the registrar under sub-section (1) of Section 58 or by the Registrar or his nominee or arbitrators on disputes referred to him or them under clause (f) of Section 55 or under Section 60, every order passed in appeal under Section 50 and every order passed under Section 69 shall, if not carried out—

(a) on a certificate signed by the Registrar or a liquidator, be deemed to be a decree of a civil court and shall be executed in the same manner as a decree of such court; or

(b) be executed according to the law and under the rules for the time being in force for the recovery of arrears of land revenue, provided that any application for the recovery in such manner of any such sum shall be made to the Collector and shall be accompanied by a certificate signed by the Registrar or by an Assistant Registrar to whom the said power has been delegated by the Registrar.

## CHAPTER XIV.

### *Offences and Penalties.*

Offences.

**64.** It shall be an offence under this Act if—

(a) a registered society or an officer or member thereof, in contravention of the provisions of this Act, wilfully makes a false return or furnishes false information or wilfully neglects or omits to call a general meeting or special general meeting of the society, or

(b) any person wilfully or without any reasonable excuse disobeys any summons, requisition or lawful written order issued under the provisions of this Act or does not furnish any information lawfully required from him by a person authorised in this behalf under the provisions of this Act, or

(c) an officer or member of a registered society fails to produce cash balances on demand or to make the records available for audit, inspection or enquiry, or

(d) an officer or member of a registered society neglects or refuses to do an act required to be done or to furnish any information required to be furnished by this Act or by any rule.

Punishment for disposing of property in contravention of Section 25.

**65.** Any member or past member or the nominee, heir or legal representative of a deceased member who fraudulently disposes of any property in respect of which the society is entitled to claim priority under Section 25, or fraudulently does any other act to the prejudice of such claim shall be punishable with fine not exceeding two hundred rupees.

Prohibition of the use of the word Co-operative.

**66.** (1) No person other than a registered society shall trade or carry on business under any name or title of which the word "Co-operative" is part without the sanction of Government:

(2) No society shall have in its name or title words denoting the name of any religion, race, community, caste, sect or denomination or other words indicating that the society is one intended exclusively for members belonging to any particular religion, race, community, caste, sect or denomination. The name and title of any society registered prior to the commencement of this Act which offends the provisions of this sub-section shall be changed within a period of six months from the date of commencement of this Act.

(3) Any person contravening the provisions of sub-section (1) or any registered society contravening the provisions of sub-section (2) shall be punishable with fine which may extend to fifty rupees and in the case of a continuing offence, with further fine of five rupees for each day on which the offence is continued after conviction therefor.

Punishment for offences not otherwise provided for.

67. Any registered society or any officer or member thereof or any other person guilty of an offence under this Act for which no punishment is expressly provided herein shall be punishable with fine, not exceeding fifty rupees.

Cognizance of offences.

68. (1) No court inferior to that of a Magistrate of the First Class shall try any offence under this Act.

(2) Every offence under this Act shall, for the purposes of the Code of Criminal Procedure for the time being in force be deemed to be non-cognisable.

(3) No prosecution shall be instituted under this Act without the previous sanction of the Registrar.

## CHAPTER XV.

### FARMING SOCIETIES.

Application of the Chapter.

69. This Chaper shall apply to Farming Societies.

Provided that the Government may, by General or special order, direct that the provisions of this Chapter shall also apply to any other class of societies, and thereupon they shall apply as if such societies were Farming Societies.

Definitions.

70. In this chapter, unless there is anything repugnant in the subject or context,--

(a) "Board" means the Board constituted under section 71.

(b) A "Farming Society" means a society formed with the object of promoting development of land and better methods of cultivation by means of improved seed, manure, irrigation, bunding, tractor ploughing, gully plugging and soil conservation.

*Explanation*—A farming society shall be of two classes:—

(1) a Better Farming Society, and (2) a Co-operative Farming Society.

(i) A Farming Society shall be classed as a Better farming society if the predominant object is the application of improved methods of cultivation. A Better farming society includes a Crop protection society.

(ii) A Farming society shall be classed as a Co-operative farming society if the predominant object is the application of co-operative methods by the holders of lands and in respect of cultivation.

The Registrar shall classify all societies under one or other of the above heads and his decision shall be final :

Provided that the Registrar for reasons to be recorded in writing may alter the classification of any society from one head to another head or from one sub-head to another sub-head.

A society formed with the object of facilitating the operations of any one of the above classes of societies shall be classified as a society of that class.

A list of such societies, so classified shall be published annually in the Gazette.

(c) "Inquiry Officer" means an officer appointed to hold an inquiry under this Chapter ;

(d) "Owner" includes an owner in severalty in common or joint and includes a permanent tenant or tenant holding a lease for a period of not less than ten years and a mortagagee in possession.

Constitution of Board.

**71.** (1) For the purposes of this Chapter there shall be constituted a Board consisting of the Registrar, the Director of Agriculture and the Member of the Board of Revenue in charge of land revenue matters. The member of the Board of Revenue shall be the Chairman of the Board.

(2) If there is a difference of opinion between the members of the Board regarding any question under the provisions of this chapter, such question shall be referred to the Government and shall be determined in accordance with the decision of the Government.

Appointment of an Inquiry Officer and his powers.

**72.** (1) The Board shall appoint an Inquiry Officer for the purpose of holding inquiries under this Chapter.

(2) For the purpose of such inquiries, the Inquiry Officer shall have—

(a) all the powers of the Registrar under Section 62.

(b) power to enter upon, survey and take levels of lands proposed to be included in the scheme, to dig or bore into subsoil and to do all acts necessary for the purpose of the inquiry.

73. (1) Persons interested in a farming scheme may make an application to the Registrar of a Farming Society. Such application shall be made in accordance with the provisions of section 9 and shall specify the area affected by the scheme. It shall be accompanied by

Preliminary procedure.

(a) a detailed description and estimate of the cost of such scheme;

(b) the names of such of the owners of the lands to be included in the scheme as may have given their consent to the making of the scheme: and

(c) such other particulars as may be prescribed by rules.

(2) The application together with its accompaniments shall be published in the village or villages and at the headquarters of the taluks within the limits of which the lands proposed to be included in the scheme are situate.

74. No Farming society shall be registered under Section 10 unless the Board is satisfied after such inquiry as it thinks necessary, that the scheme proposed by the society is feasible and that not less than 66 per cent of the owners in possession of not less than 75 per cent in aggregate of the land proposed to be included in the scheme have given their consent to the making of the scheme. For this purpose the Board shall record or cause to be recorded—

Registration.

(a) a plan showing the area affected by the proposed scheme and the surrounding lands as shown in the map or maps of the village or villages affected;

(b) an examination of the proposed scheme with any amendments therein proposed by the Board;

(c) an extract from the record of rights showing the name of the owners of the lands, and the areas of the lands to be included in the scheme as approved by the Board;

(d) statements of such of the owners of such lands as consent to the making of such scheme signed by such owners before the Board or such officer as may be prescribed by rules;

(e) a detailed estimate of the costs of such scheme;

(f) a detailed statement showing how the cost is proposed to be met.

75. If the society is registered, the scheme shall be published along with the plans in the village or villages and at the headquarters of the taluks within the limits of which the lands proposed to be included in the scheme are situate, together with a general notice of inviting claims, if any. Separate notices shall, as far as possible, also be served on all owners of lands affected by the scheme and on all persons believed to be interested in the

Publication of the scheme and inviting claims and objects.

said lands. Such general and separate notices shall require all persons affected by the scheme who make any claims to apper personally or by agent before the Inquiry Officer at a time and place therein mentioned (such time not being earlier than fifteen days after the date of the publication of the scheme).

Inquiry by the Inquiry Officer.

76. On the date fixed in the notices issued under section 75 or any other day to which the inquiry has been adjourned, the Inquiry Officer shall proceed to inquire into the claims (if any) which may have been made pursuant to the notices and shall hear and decide any other matter which may be required to be heard and decided by or under the provisions of this Chapter.

Decision of disputed claim.

77. (1) If there is a dispute as to the ownership or possession of any piece of land proposed to be included in the scheme, the Inquiry Officer shall decide the dispute in accordance with the entires relating to such land in the Revenue Records kept under any law for the time being in force. If there is no such record, or if in the opinion of the Inquiry Officer the entries in the Revenue record are inaccurate or inconclusive, he shall refer the matter to the Collector for decision. When the Collector decides such disputes he shall communicate his decision to the Inquiry Officer and such decision shall, subject to the provisions of sub-section (2) be final for the purpose of the inquiry under this Chapter.

(2) In the event of a civil court passing a decree which is inconsistent with such decision, such decision shall be corrected, modified or rescinded in accordance with such decree, after such decree has been brought to the notice of the Inquiry Officer or the Board either by the civil court or by some person affected by such decree.

Report of Inquiry Officer.

78. (1) After the inquiry under section 79 is completed, the Inquiry Officer shall make a report to the Board containing the following particulars :—

(i) the names of all the owners of lands affected by the scheme and the nature and extent of the right or interest of each in respect of such land,

(ii) the names of all persons whose rights or liabilities are affected and the manner in which they are affected by the scheme,

(iii) a detailed estimate of the net cost of the scheme to be borne by the society,

(iv) a detailed estimate of the amounts of compensation to be paid to or of the amounts to be recovered from, persons affected by the scheme,

(v) the manner in which recurring costs of the maintenance of, and other expenses incidental to, the scheme shall be fixed and recovered,

(vi) any other particulars prescribed by or under the Act or the rules.

(2) Such report shall be published in the village or villages and at the headquarters of the taluks within the limits of which the lands included in the scheme are situate and separate notice of such report shall as far as practicable be given to all persons mentioned in clause (ii) of sub-section (1).

(3) Any person aggrieved by the report of the Inquiry officer may appeal to the Board.

Board may sanction scheme with or without modification or may refuse to give sanction.

79. (1) On receipt of the report of the Inquiry Officer, the Board may, in consultation with the Collector, after deciding such appeals as may have been made under section 78 and making such further inquiry as it may think fit, either sanction with or without modifications or refuse to give sanction to the scheme.

Appeal.

(2) Any person aggrieved by the decision of the Board may, within a period of thirty days from the date of such decision, appeal to the Government, who may pass such order as they deem fit.

Scheme to become final on publication.

(3) If an appeal is made within the period prescribed in sub-section (2) and the Government decide to sanction the scheme with or without modifications, the scheme as sanctioned by the Government, or if an appeal is made within the period aforesaid, the scheme as sanctioned by the Board shall be published in the Gazette and in any other way which may be prescribed and shall, on such publication, be final.

Effect of scheme.

80. On the day on which the scheme as sanctioned is published under section 79 it shall come into force and all the owners of lands included therein, whether they are members of the society or not, shall have such rights and shall be subject to such liabilities as are conferred or imposed on them under the scheme.

Power to enforce scheme.

81. On and after the day on which the scheme comes into force the Farming Society concerned may, after giving the prescribed notice and in accordance with the provisions of the scheme, execute any work which it is the duty of any person to execute under the scheme. Any expense incurred by the society under this section may be recovered from the persons in default in the manner prescribed in section 84.

Contribution towards the costs of the scheme.

82. (1) The costs of the scheme shall be met wholly or in part by contribution to be levied by the society from each owner of land affected by the scheme including those who may have refused to become members of the society in accordance with the decision of the Board.

(2) The owner of the land affected by the scheme shall be primarily liable for the payment of the contribution leviable in respect of such land.

Dues of Farming societies to be first charge.

83. Subject to the provisions of section 26 any outstanding demands of dues payable to a Farming society by any member or past member in respect of any rent, shares, loans, contributions, or any other rights or amounts payable to such society shall be a first charge upon the interest in the crops or other agricultural produce on the land included in the scheme.

Recovery of arrears.

84. Any sums due to a society under the provisions of this Chapter shall, on application for its recovery being made by such society be recoverable by the Collector according to the law and under the rules for the time being in force for the recovery of arrears of land revenue.

Power to exempt Farming societies from provisions of Chapter XV.

85. (1) Notwithstanding anything contained in section 69, the Government may, by general or special order to be published in the Gazette, exempt any Farming society or class of such societies from any of the provisions of this Chapter.

(2) Any society in respect of which a certificate of registration has been issued by the Registrar under section 10 before the date on which this Act comes into force, shall be deemed to have been validly registered as a Farming society under this Chapter and shall not require re-registration, if the provisions of this Chapter have been, so far as may be, complied with and the Registrar issues a certificate to the effect that they have been so complied with.

## CHAPTER XVI.

### MISCELLANEOUS.

Power of Government and Registrar to call for proceedings of subordinate officers and to pass orders thereon.

86. The Government or the Registrar may call for and examine the record of any enquiry or the proceedings of any officer subordinate to them or him as to the legality or propriety of any decision or order passed and as to the regularity of the proceedings of such officer. If in any case it shall appear to the Government or the Registrar that any decision or order or proceedings so called for should be modified, annulled, or reversed, the Government or the Registrar, as the case may be, may pass such order thereon as to them or him may seem fit, The revising authority may also pass any interim order on such conditions or otherwise as it deems fit.

87. All sums due from a registered society or from an officer, former officer, member or past or deceased member of a registered society as such to the Government including any costs awarded to the Government in any proceedings under this Act be recovered in the same manner as arrears of land revenue.

Recovery of sums due to Government.

88. Notwithstanding anything contained in this Act, the Government may, by Special order in each case and subject to such conditions, if any, as they may impose, exempt any society from any of the requirements of this Act as to registration.

Power to exempt societies from conditions as to registration.

89. The Government may, by general or special order exempt any registered society from any of the provisions of this Act or may direct that such provisions shall apply to such society with such modifications as may be specified in the order.

Power to exempt registered societies from provisions of the Act.

90. The provisions of the Companies Act for the time being in force shall not apply to registered societies.

Companies Acts not to apply.

91. (1) Every society now existing which has been registered or deemed to be registered under the Co-operative Societies Acts repealed by this Act shall be deemed to be registered under this Act and its bye-laws, shall, so far as the same are not inconsistent with the express provisions of this Act, continue in force until altered or rescinded.

Saving of existing soeities.

(2) All appointments, rules and orders made, notifications and notices issued and suits and other proceedings instituted under the said Acts shall, so far as may be, be deemed to have been respectively made, issued and instituted under this Act.

92. No act of a registered society or any committee or of any officer of a society shall be deemed to be invalid by reason only of some defect in the organisation of the society or in the formation of the general body or in the appointment or election of the officer or on the ground that he was disqualified for his office.

Acts of societies etc., not to be invalidated by certain defects.

93. The Government may, by general or special order, delegate their power of hearing appeals under the provisions of this Act to any authority specified in such order.

Delegation of power to hear appeals.

94. (1) The Registrar may, by general or special order, direct that all or any registered societies situated within a specified area shall be affiliated to a co-operative union in such manner and on such conditions as the Government may prescribe.

Compulsory affiliation of registered societies to a co-operative union

(2) The Government may, on the recommendatioo of the Registrar, determine the basic on which contribution has to be made by a registered society affiliated to a co-operative union.

95. No suit shall be iostituted against a registered society or any of its officers in respect of any act touching the business of the society until the expiration of two months next after notice in writiog has been delivered to the Registrar or left at his office, stating the cause of action, the name, descriptioo and place of residence of the plaintiff and the relief which he claims; and the plaint shall contain a statement that such notice has been so delivered or left.

Notice necessary in suits.

96. (1) The Government may, for the whole or any part of the State and for any registered society or class of such societies make rules to carry out all or any of the purposes of this Act.

Rules.

(2) In particular and without prejudice to the generality of the foregoing powers, such rules may,

(a) Subject to the provisions of Section 6, prescribe the maximum number of shares or portion of the capital of a society which may be held by a member;

(b) prescribe the forms to be used and the conditions to be complied with in the making of applications for the registration of a society and the procedure in the matter of such applicatioos;

(c) subject to the provisions of Section 5, prescribe the procedure to be followed when societies change their form of liability;

(d) prescribe the matters in respect of which a society may or shall make bye-laws and for the procedure to be followed in making, altering and abrogating bye-laws, and the conditions to be satisfied prior to such making, alteration or abrogation;

(e) prescribe the conditioos to be complied with by persons applying for admission or admitted as members, and provide for the election aod admission of members, and the payment to be made and the interests to be acquired before the exercise of the right of membership;

(f) regulate the manner in which funds may be raised by means of shares or debentures or otherwise;

(g) provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings;

(h) provide for the appointment, suspension and removal of the members of the committee and other officers and for the procedure at meetings of the committee

and for the powers to be exercised and the duties to be performed by the committee and officers;

(i) prohibit a society from appointing a defaulting member of any society to its committee or to the committee of any other society and allowing him to exercise his rights of membership in the society or to represent it in another society and vote;

(j) prescribe the accounts and books to be kept by a society and provide for the audit of such accounts and the charges, if any, to be made for such audit, and for the periodical publication of a balance sheet showing the assets and liabilities of a society;

(k) prescribe the returns to be submitted by a society to the Registrar and provide for the persons by whom and the form in which such return shall be submitted, and in case of failure to submit any such return, for the levy of the expenses of preparing it;

(l) provide for the persons by whom and the form in which copies of entries in books of societies may be certified and for the charges to be levied for the supply of such copies;

(m) provide for the formation and maintenance of and the entries to be made in the register of members to be kept under Section 31 and, where the liability of the members is limited by shares, of a register of shares;

(n) provide for,—

(i) the appointment of an arbitrator or arbitrators to decide disputes;

(ii) the procedure to be followed in proceedings before the Registrar, arbitrator or arbitrators or other person deciding disputes including the appointment of a guardian for a party to the dispute who is a minor or who, by reason of unsoundness of mind or mental infirmity, is incapable of protecting his interests;

(iii) the levy of expenses incidental to such proceedings; and

(iv) the enforcement of the decisions or awards in such proceedings;

(o) provide for the withdrawal and expulsion of members and for the payments, if any, to be made to members who withdraw or are expelled, and for the liabilities of past members or the estates of deceased members;

(p) prescribe the procedure to be followed for renumbering the societies in the whole State;

(q) prescribe the constitution and functions of co-operative unions referred to in Section 94;

(r) prescribe the prohibitions and restrictions subject to which societies may trade with persons who are not members;

(s) provide for the mode in which the value of a deceased member's interest shall be ascertained, and for the nomination of a person to whom such interest may be paid or transferred;

(t) prescribe the payment to be made and the condition to be complied with by members applying for loans, the period for which loans may be made, and the amount which may be lent, to an individual member;

(u) provide for the formation and maintenance of reserve funds and the objects to which such funds may be applied, and for the investment of any funds under the control of a society;

(v) prescribe the extent to which the society may limit the number of its members:

(w) prescribe the conditions under which profits may be distributed to the members of a society with unlimited liability;

(x) prescribe the procedure to be followed by a liquidator appointed under Section 51 or Section 52 and provide for the disposal of the surplus assets, if any, of the society;

(y) determine the cases in which an appeal shall lie from the orders of the Registrar, and prescribe the procedure to be followed in presenting and disposing of appeals under this Act;

(z) prescribe the period for which and the terms under which aid may be given by the Government to societies and the terms under which the Government may guarantee the payment of interest on debentures issued by societies;

(aa) provide for the custody of property attached under this Act;

(bb) provide for the issue and service of processes and for proof of service thereof;

(cc) provide for the inspection of documents in the Registrar's Office and the levy of fees for granting certified copies of the same;

(dd) provide for the investigation of claims and objections that may be preferred against any attachment effected by the Registrar or an officer empowered by him;

(ee) provide for the recovery of costs awarded against the Government in cases under Section 55;

(ff) provide for the appointment of paid Secretaries for registered societies having a working capital of Rupees 20,000 and above;

(gg) provide for all matters expressly required or allowed by this Act to be prescribed by rules.

(3) The power to make rules conferred by this Section is subject to condition of the rules being made after the previous publication.

(4) All rules made under this Section shall be published in the Gazette and on such publication shall have effect as if enacted in this Act.

Repeal.

97. The Travancore Co-operative Societies Act, (V of 1112) and the Cochin Co-operative Societies Act, XXVI of 1113, as subsequently amended, are hereby repealed.

V. KRISHNAMOORTHI AIYAR,
*Secretary, Legislative Assembly.*